



U.S. Department of Justice

Federal Bureau of Investigation

Office of the General Counsel

Washington, D.C. 20535

DOCKET FILE COPY ORIGINAL

June 17, 2002

RECEIVED

JUN 17 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

By Hand Delivery

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, D.C. 20554

Re: *Petition to Defer of U.S. Department of Justice and Federal Bureau of Investigation, IB Docket No. 02-111: In re Application of Bell Atlantic New Zealand Holdings, Inc., Transferor, and Pacific Telecom Inc., Transferee, For Consent to Transfer Control of Micronesian Telecommunications Corporation and its Wholly-Owned Subsidiary GTE Pacifica Inc.*

Dear Ms. Salas:

Transmitted herewith, on behalf of the Department of Justice ("DoJ") and the Federal Bureau of Investigation ("FBI"), are an original and four copies of a "Petition to Defer" in the above-referenced matter. Please accept this Petition and be advised that at this time there are outstanding national security, law enforcement, and public safety concerns; and, accordingly, we request that the Commission defer action on the licenses and authorizations subject to the foregoing applications until resolution of these concerns can be attempted.

Sincerely,

Patrick W. Kelley
Office of the General Counsel
935 Pennsylvania Ave., N.W., Room 7427
Washington, D.C. 20535
(202) 324-6829

Enclosures

cc: Office of Media Relations
International Transcription Service, Inc.

No. of Copies rec'd
List ABCDE

0+4

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

RECEIVED

JUN 17 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re

Application of

**BELL ATLANTIC NEW ZEALAND
HOLDINGS, INC.,**

Transferor,

and

PACIFIC TELECOM INC.

Transferee,

**For Consent to Transfer Control of
Micronesian Telecommunications Corporation
and its Wholly-owned Subsidiary
GTE Pacifica Inc.**

IB Docket Number 02-111

To: The Commission

**PETITION TO DEFER
OF U.S. DEPARTMENT OF JUSTICE AND
FEDERAL BUREAU OF INVESTIGATION**

The Department of Justice ("DOJ") and the Federal Bureau of Investigation ("FBI"), by their undersigned attorneys, respectfully request that the Federal Communications Commission ("Commission") defer action on the above-captioned applications pending attempted resolution of potential national security, law enforcement, and public safety issues.

In the captioned docket, Bell Atlantic New Zealand Holdings, Inc. ("BANZHI") and Pacific Telecom Inc. ("PTI") (together with BANZHI, the "Applicants") filed applications under Sections 214 and 310(d) of the Communications Act of 1934, as amended (the "Act"), for authority for BANZHI to transfer to PTI certain licenses and authorizations held by BANZHI's wholly owned subsidiary, Micronesian Telecommunications Corporation ("MTC"), and MTC's wholly owned subsidiary, GTE Pacifica Inc. ("GTE Pacifica"). These licenses and authorizations include a cellular radiotelephone license, common carrier and non-common carrier earth station licenses, a cable landing license, two international Section 214 authorizations held by GTE Pacifica, and blanket domestic Section 214 authorizations held by GTE Pacifica and MTC. PTI also petitions the Commission to issue a declaratory ruling that the indirect foreign ownership of GTE Pacifica that would result from PTI's proposed acquisition (ultimately, up to 87.1 percent) is consistent with the public interest pursuant to Section 310(d) of the Act.

The applications in the instant matter indicate that PTI has three shareholders. The first is Prospector Investment Holdings, Inc. ("Prospector") which is incorporated in the Cayman Islands, British West Indies. Prospector holds 50% of the equity in PTI. The second is THC Communications Corp. ("THC") which is incorporated in the CNMI. THC holds 30% of the equity in PTI. The third is Missouri Holdings Corp. ("Missouri Holdings") which is incorporated in the CNMI. Missouri Holdings hold 20% of the equity in PTI. The Applicants represent that the ultimate foreign ownership of PTI is currently 72.1%, and they further request Commission

approval to increase it by an additional 15% through equity ownership by entities or individuals from WTO Member countries, for a total of up to 87.1% foreign ownership.¹

As the DOJ and the FBI understand it, the licenses and authorizations at issue effectively apply to all of the telecommunications services offered in the Commonwealth of the Northern Mariana Islands (CNMI), so that, collectively, such service facilities constitute a monopoly of landline local exchange and interexchange facilities, satellite earth station facilities, and wireless service facilities, and include a submarine cable facility and Internet facilities as well.

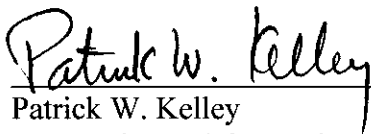
Given the breadth of control over all telecommunications services in the CNMI noted above, the DOJ and the FBI believe that the proposed transaction has the potential for impairing the ability of authorized governmental agencies of the United States to satisfy their obligations to preserve the national security, enforce the laws, and protect the public safety.

In order to resolve potential national security, law enforcement, and public safety concerns, the DOJ and the FBI request that the Commission defer action on the licenses and authorizations subject to the foregoing applications until resolution of these concerns can be attempted. The DOJ and the FBI have communicated with representatives of the Applicants and are reviewing the proposed transaction.

¹ At this point, it is our understanding that 100% of the equity in Prospector is held by Richard C. Delgado and Jose Ricardo Delgado, citizens of the Philippines. We also understand that 2.1% of the ownership in THC (Tan Holding Corporation) is foreign-based (with equity holders in Hong Kong, the Philippines, and the United Kingdom). Finally, we understand that 100% of the equity in Missouri Holdings is held by Michael Kai Leung, a citizen of Canada.

Wherefore, in view of the foregoing, the DOJ and the FBI respectfully request that the Commission defer action with respect to the captioned applications pending resolution of the national security, law enforcement, and public safety concerns noted herein.

Respectfully submitted,



Patrick W. Kelley
Deputy General Counsel
FEDERAL BUREAU OF INVESTIGATION
935 Pennsylvania Avenue, N.W.
Washington, D.C. 20535
(202) 324-6829



John G. Malcolm
Deputy Assistant Attorney General
Criminal Division
UNITED STATES DEPARTMENT OF JUSTICE
10th Street & Constitution Avenue, N.W.
Washington, D.C. 20530
(202) 616-3928

Dated: June 17, 2002

Certificate of Service

I, Myla R. Saldivar-Trotter, Federal Bureau of Investigation, hereby certify that a true copy of the foregoing Petition to Defer served this 17th day of June, 2002 via hand delivery (indicated by *) or by mail to the following parties:

Gardner Foster*
Policy Division
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W., Room 3-A625
Washington, D.C. 20554

Susan O'Connell*
Policy Division,
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W., Room 6-A847
Washington, D.C. 20554

John Branscome*
Commercial Wireless Division
Wireless Telecommunication Bureau
Federal Communications Commission
445 Twelfth Street, S.W., Room 4-A161
Washington, D.C. 20554

Justin Connor*
Policy and Facilities Branch
Telecommunications Division
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W., Room 6-A832
Washington, D.C. 20554

Erin McGrath*
Commercial Wireless Division
Wireless Telecommunications Bureau
Federal Communications Commission
445 Twelfth Street, S.W., Room 4-B454
Washington, D.C. 20554

Tracey Wilson*
Competition Policy Division,
Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street S.W., Room 5-C347
Washington, D.C. 20554

Neil A. Dellar*
Transaction Team
Office of the General Counsel
Federal Communications Commission
445 Twelfth Street, S.W., Room 8-C818
Washington, D.C. 20554

Kenneth D. Patrich, Esq.
Timothy J. Cooney, Esq.
Wilkinson Barker Knauer LLP
2300 N Street, N.W., Suite 700
Washington, D.C. 20037
Counsel for Tranferee Pacific Telecom, Inc.

Peter D. Shields
Jennifer D. Hindin, Esq.
Wiley Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

Qualex International
445 12th Street, S.W., Room CY-B402
Washington, D.C. 20554

Lauren Kravetz *
Policy and Rules Branch
Commercial Wireless Division
Wireless Telecommunications Bureau
445 12th Street, S.W., Room 4-A163
Washington, D.C. 20554

James Bird*
Office of the General Counsel
Federal Communications Commission
445 12th Street, S.W., Room 8-C818
Washington, D.C. 20554


Myla R. Saldivar-Trotter